GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:1477
ANSWERED ON:08.12.2015
Food Processing Facilities
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) the number of projects sanctioned for establishment and promotion of food processing industries in the country and the number of food processing units have been closed in the country, State/UT-wise;
(b) whether the Government has conducted any survey for ascertaining the growth possibility of the food processing industries in the country and if so, the details thereof along with the requirement of food processing facilities across the country;
(c) the details of research and development projects undertaken for the promotion of food processing industries and the funds sanctioned, allocated and utilised for the purpose during each of the last three years;
(d) whether foreign direct investment (FDI) for setting up food processing industries in the country has increased during the said period and if so, the details thereof and its impact of the growth of FPI; and
(e) whether the Government has announced any new incentives to promote food processing industries in various parts of the country and if so, the details thereof along with the details of food processing units likely to be set up during 2015-16 to prevent loss of fruits and vegetables in view of heavy rise in their production in the country?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES
(SADHVI NIRANJAN JYOTI)

(a): For promotion and development of food processing sector in the country, the Government is implementing various Central Sector Schemes, namely (1) Scheme for Infrastructure Development for Food Processing having components of (i) Mega Food Parks (ii) Integrated Cold Chain, Value Addition and Preservation Infrastructure and (iii) Setting-up/ Modernization of Abattoirs (subsumed in NMFP w.e.f. 01.04.2014); (2) Scheme of Technology Up-gradation / Establishment / Modernization of Food Processing Industries (spill-over liabilities); (3) Scheme for Quality Assurance, Codex Standards, Research & Development and Other Promotional Activities; (4) Scheme for Human Resource Development and (5) Scheme of Strengthening of Institutions.
During the 12th Five Year Plan, the Government also launched Centrally Sponsored Scheme of 'National Mission on Food Processing' (NMFP) for implementation through the State Governments / Union Territories. The components of the NMFP were (i) Technology Up-gradation / Setting up / Modernization of Food Processing Units, (ii) Cold Chain, Value Addition and Preservation Infrastructure for Non-Horticulture Products, (iii) Setting-up / Modernization of Abattoirs (w.e.f. 01.04.2014), (iv) Human Resource Development, (v) Promotional Activities, (vi) Creating Primary Processing Centers / Collection Centers in Rural Areas, (vii) Modernization of Meat Shops, (viii) Reefer Vehicles and (ix) Food Parks (Old Scheme). However, NMFP has been delinked from Central Government support w.e.f. 01-04-2015 except for UTs. The State Governments may decide to continue (or not) with the Mission out of their increased resources resulting from the recommendations of the 14th Finance Commission.

The Scheme-wise and State-wise number of projects sanctioned under the various Schemes during 11th and 12th Five Year Plans by this Ministry is at Annexure. This Ministry does not maintain the record of food processing units that have been closed in the country.
(b): Ministry has not conducted any survey for ascertaining the growth possibility of the food processing industries in the country. However, as per the latest National Accounts Statisitcs-2015 of Central Statistics Office, the food processing sector constitutes 9.0 and 10.1 per cent of GDP in Manufacturing and Agriculture sector respectively in 2014-15. Food Processing Industries sector has grown at 7.1 per cent during the same period.
In order to promote food processing industries, increase level of processing and exploit the potential of domestic and international market for processed food products, Vision Document 2015 was prepared by the Ministry. It envisaged trebling the size of investment in the processed food sector by increasing the level of processing of perishables form 6% to 20%, value addition from 20% to 35% and share in global food trade from 1.5% to 3% by 2015. To achieve these targets, an investment of Rs. 100,000 crore was required by the year 2015. Out of which, the share of Government was Rs. 10,000 crore.
(c): The Number of research and development projects sanctioned and the funds allocated and grant-in-aid released/utilized by the Ministry during each of the last three years are as under :-
(Rs. in lakh)

Sl. No.	Year	No. of Projects sanctioned	Funds allocated under R&D scheme	Total Grant-in-Aid released/utilized under R&D scheme
1.	2012-2013	43	1030.00	1026.67
2.	2013-2014	50	1102.00	1097.73
3.	2014-2015	58	760.50	638.66
Total		151	2892.50	2763.06

(d): Foreign Direct Investment is permitted in the food processing upto 100% through automatic route. Foreign Direct Investment (FDI) inflow in Food Processing sector in the country during the last 3 years is as under:

S. No.	Year	FDI inflow (US $ Million)
1	2012-13	401.46
2	2013-14	3,982.88
3	2014-15	515.86

Source: Department of Industrial Policy and Promotion (DIPP).

(e): With a view to promote food processing sector in the country, the Government has created a Special Fund of Rs. 2000 crore in National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit to the food processing industries in the designated food parks.

Reserve Bank of India has also classified loan to food & agro-based processing units and Cold Chain under Agriculture activities for Priority Sector Lending (PSL) subject to aggregate sanctioned limit of Rs. 100 crore per borrower for ensuring greater flow of credit to entrepreneurs for setting up of food processing units and attract investment in the sector.

Excise duty on food processing and packaging machinery has been reduced from 10% to 6%.

Services of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits & vegetables have been exempted from Service Tax.

The above incentives are likely to give boost to setting up of food processing units and to prevent loss of fruits and vegetables in the country.

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